Permanent Source - Sunnyvale
June 10, 2008

The Department of Housing and Community Development held the 10th Permanent Source meeting on June 10, 2008. The meeting was held in Sunnyvale and was sponsored by Silicon Valley Leadership Group.

What should the Permanent Source fund?
- Down-payment assistance.
- Down-payment assistance programs that leverage with local funds, such as RDA funds or city money.
- Allow a limited portion of RDA set-aside funds to be used for housing-related services, i.e., service component of an adopted Housing First Model Program, rental assistance for homeless individuals according to an adopted Housing First Model Program.
- Need legal provision authorizing RDAs to use tax increment dollars for homeless shelters.
- Homelessness—more money for permanent supportive housing.
- More housing for extremely low income and homeless and money for supportive services
- Flexibility on lien positions.
- Suggested that local housing programs not be funded by the general fund, because when general funds decrease, local housing funds decrease.
- More rental subsidies and operational subsidies for developers.
- Pay close attention to tenants in foreclosed home; they are vulnerable to eviction if the owner defaults.
- Money doesn't go as far on homeownership activities. Money should be weighted more towards rentals and new rental construction.
- Need a program similar to Joe Serna Farmworker Program, but for urban areas for service workers.
- More money for tax credits so that projects will be completed faster, which will help keep construction costs down.
- Director stated that tax credit program is federal.
- TCAC projects are unaffordable for people on SSI; we need subsidies for people on SSI and programs with no minimum income limits.
- City/governments should exercise eminent domain.
- Streamline local planning process to get projects approved and ready to go.
- Continue to improve on existing HCD programs; good programs to keep funding.
- Support local housing trust funds so needs can be met and local priorities can be met on local level.
- Support rental housing at higher income levels than Multifamily Housing Program.
- More housing for teachers to be able to live and work in the area.
- Transit Oriented Development (TOD) and Infill are important programs to fund with permanent source; people are concerned about sprawl; need to preserve rural/agricultural land.
- Allow affordable housing organizations to be able to move/complete projects more quickly. Streamline permit process.
- Credit crisis is causing home equity to be in trouble.

- Support community organizing to educate people on affordable housing; what it is, who needs it, etc.
- Funding for financial literacy; specifically IDA programs and population at 80% AMI should receive credit counseling.
- TCAC should implement incentives for green building on single family; green building should be incorporated in all special needs housing.
- More special needs housing, for example battered women's shelters, people with mental health problems, homeless, elderly, and farmworkers.
- Make sure green building is always included.
- 30%-40% of market rate value includes fees – reduce local fees for market rate and affordable housing.
- Mortgage credit certification program for low income first-time homebuyer (local general funds taken away from program). This is a good program, support it.
- Weight projects by proximity to jobs
- Housing built specifically for mentally disabled; not integrated with other low income tenants
- Monitoring of rental housing management, for example criminal background checks should be completed; there are tenants with criminal backgrounds in projects.
- Allocate funds towards each step on HCD's housing continuum.
- Difficult to keep workforce (especially teachers) in the area without affordable housing; need good educators for schools.
- Support state-level Section 8 voucher program for incomes between 0-30% of AMI; Need a state program for income levels in this AMI range.
- Strengthen programs, such as tax credits, for people in the 30%-50% of AMI range.
- 50%-80% of AMI range needs workforce housing and homeownership opportunities.
- Greatest need is in rental housing market for the 0-30% of AMI; long-term debt is not feasible with these projects.
- Rental housing markets—need to include workforce housing for broader range of people; workforce needs to include below 50% of AMI.
- Due to credit crunch, the acquisition, development and construction financing/loans are being impacted negatively. Make money available to fill gaps from lack of money from banks.
- Presently, more capital/money is flowing into affordable housing projects rather than market rate housing.

How should money be distributed?
- Distribute to local housing trust funds; encourage trust funds to leverage limited dollars—keep competitive pool for new or existing trust funds
- Allocate dollars to defined regional geographic areas based on the state population ratio.
- Make it easy for communities to access and use money.
- Caution on using regional caps. – Santa Clara used all of its allocation efficiently and then was penalized. Reward project readiness.
- Areas with the greatest jobs/housing imbalance have the greatest needs.
- Existing HCD programs work, but need more money. Use state as a central point of distribution.
- Incentive-driven distribution.
- Defined regional distribution based on population percentage. Allocate funding based on state population.

- Continue to fund existing state programs.
- MASA funds - slow process at State level – give money to localities; would be a faster process in getting money out locally.
- Need sustainability (statewide and local distribution); blend of continuing funding state programs and greater local distribution systems – get local buy-in, such as housing trust funds, allow local 'ownership' – create leverage and more sustainability. Matching requirements at local level.
- Strategic, consistent and leveraged funds; based on local needs.
- Local communities know what their needs and priorities are – support these efforts.
- Need to focus on affordable housing (not overall housing) to help with job/housing balance.
- Current point selection criteria for TOD are complex—need to simplify. Has a project that is ready, but is missing the grocery component.
- Reward cities that do a good job.
- Look at housing elements – TOD threshold should include approved housing element.
- HCD should encourage public/private partnerships.
- Money for public awareness and education for people on what housing needs are.
- Reward jurisdictions that produce or build a certain number of units (such as a park).
- Dollars awarded to projects based on desired factors, i.e., transit oriented, increased density, affordability, leveraged financing, etc.

What sources should we use?
- Pre-tax contributions (healthcare) to local housing trust funds
- Commercial property tax reform – office/building owners should not be paying 1974 level taxes, but 2008 level taxes.
- Extend project areas for maturing RDAs; 30% - 40% housing set-aside
- Source(s) should generate at least $1 billion; source needs to be bullet proof, no general funds. Needs relationship to real estate for people to understand connection in order to support the source.
- Use multiple sources; not one.
- Real estate related source of funds.
- Payroll tax to balance demand with supply.
- Alcohol industry should pay fees (drug/alcohol abuse contribute to homeless problem).
- Extend lives of maturing RDAs (performance related).
- Transfer tax controlled by county, so funds are returned to county and not back to the state to distribute.
- 'Ghost' affordable housing - source of funding – fee assessed –state registry of these units
- Gas tax—link transportation with housing – make good connection. Small percentage
- Reasonable inclusionary housing requirements (for creation of rental housing and financing)
- Reduce tax deductions for number of children (due to population growth)
- Director advised that this is difficult to do on the state level
- Connection between immigration and housing; for example, employers importing engineers – tax on immigrants/immigration.
- Corporate sponsors in designated areas; would reduce housing taxes for employees of corporation.
- Document transfer tax/fee.

- Inclusionary Ownership Housing – allow cities to recapture the financial value of the affordability provision, i.e., the monetary difference between an affordable price and the market price.
- Fees/taxes for related housing industries (such as architects or home furnishing companies).
- Corporate millionaire tax; taxed on amount of assessed earnings over certain ceiling—money could go back to housing corporation's workers so as not to drive out business from State.
- State-established impact fee per region.
- Reduce mortgage interest - reduction of second home mortgage.
- Affordable housing should not just be a burden on developers—involves society as a whole.
- Payroll tax on employers with "x" number of employees.
- Tie tax to people who benefit from housing.
- Tax on employers who employ certain number of people.
- Shared equity models; money to first-time homebuyers; money should be recycled; sustainable through shared equity models
- Tax credits – incentivise vs. tax. Encourage people to stay in California (lack of affordable housing could drive businesses out)
- Incentives, housing trust reuse, tax deductions to get people into homes.
- Partnerships between nonprofits, government, and private.
- Education for realtors.
- Free up state money being spent in other areas (such as state prisons).
- Have HCD make it easier for housing to get approved at local level. Housing is infrastructure.